

# EXHIBIT A

EXHIBIT A

Code No.  
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Attorneys for Plaintiff

IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA  
 IN AND FOR CARSON CITY

ELLIOT F. DWORKIN

Plaintiff,

Case No. 10CC 00529 B

vs.

Dept No. I

DEJUN ZOU, JIANPING QIU, XIE  
 QUAN, KENNITH JOHNSON, ZEJIN  
 LI, BEN WANG, YI LIU, and YU  
 LI, and DOES I through X.

**VERIFIED SHAREHOLDER DERIVATIVE  
 COMPLAINT**

Defendants

**DEMAND FOR JURY TRIAL**

RINO INTERNATIONAL CORPORATION,  
 a Nevada Domestic Corporation.

Nominal  
 Defendant

Plaintiff, pursuant to Rule 23.1 of the Nevada Rules of Civil  
 Procedure, as and for his verified shareholder derivative  
 complaint, by his undersigned attorneys, alleges upon personal  
 knowledge as to himself and his acts, and upon information and  
 belief as to all other matters, as follows:

**NATURE OF THE ACTION**

1. This is a shareholder derivative action brought on behalf  
 of RINO International Corporation ("RINO" or the "Company"),  
 seeking to recover for damages caused to the Company by its

1 directors and/or senior officers who breached their fiduciary  
2 obligations to the Company. Named as Nominal Defendant is the  
3 Company and its directors and/or senior executive officers.

4  
**JURISDICTION**

5 2. This Court has jurisdiction over this action because they  
6 conduct business in Nevada and/or are citizens of Nevada. Rino  
7 International Corporation is incorporated under the laws of the  
8 State of Nevada and conducts upon information and belief, conducts  
9 business in Nevada.

10 3. Venue is proper in this District because the conduct at  
11 issue took place and had an effect in this district.

12  
**PARTIES**

13 4. Plaintiff is and was a Company shareholder during the  
14 period in which the wrongful conduct alleged herein occurred  
15 through the present. Plaintiff resides in Summit County, Ohio.

16 5. Defendant Dejun Zou ("Zou") has been a Director and the  
17 Chief Executive Officer of the Company since October 2007.  
18 Defendant Zou is the founder of RINO and has been a Director and  
19 its Chief Executive Officer since 2003.

20 6. Defendant Jianping Qiu ("Qiu") has been the Chairman of  
21 the Board of the Company since March 2008. Defendant Qiu has been  
22 a Director and Chairman of the Board of RINO since 2003. Qui is  
23 married to Zou.

24 7. Defendant Xie Quan ("Quan") has been a Director of the  
25 Company since March 2008. Quan serves on the Company's Audit  
26 Committee.

1        8. Defendant Kenneth Johnson ("Johnson"), CPA, has been a  
2 Director of the Company since March 2008. Johnson is Chairperson of  
3 the Company's Audit Committee.

4        9. Defendant Zejin Li ("Z. Li") has been a Director of the  
5 Company since October 2010.

6        10. Defendant Ben Wang ("Wang") was, at all relevant times,  
7 Chief Financial Officer ("CFO") of RINO since April 2010.

8        11. Defendant Yi Liu (a/k/a Jenny Liu) ("Liu") was, at all  
9 relevant times, CFO of RINO until April 2010.

10       12. Defendant Yu Li ("Y. Li") was, at all relevant times,  
11 Controller of RINO since November 14, 2009 after having previously  
12 served as the Company's accounting manager since its inception.

13       13. Nominal Defendant RINO is a Nevada corporation with its  
14 principal executive offices located at 11 Youquan Road, Zhanqian  
15 Street, Jinzhou District, Dalian, People's Republic of China  
16 116100.

17       14. Defendants Zou, Qiu, Quan, Johnson and Z. Li are referred  
18 to herein as the "Director Defendants."

19       15. Defendants Zou, Wang, Liu and Y. Li are referred to  
20 herein as the "Officer Defendants."

21       16. The Director Defendants and the Officer Defendants are  
22 collectively referred to as the "Individual Defendants."

23       17. The Individual Defendants together with RINO are referred  
24 to herein as the "Defendants."

25                    **DUTIES OF THE INDIVIDUAL DEFENDANTS**

26       18. By reason of their positions as officers and/or directors  
27 of the Company and because of their ability to control the business  
28 and corporate affairs of the Company, the Individual Defendants

1 owed the Company and its shareholders the fiduciary obligations of  
2 good faith, trust, loyalty, and due care, and were and are required  
3 to use their utmost ability to control and manage the Company in a  
4 fair, just, honest, and equitable manner. The Individual  
5 Defendants were required to act in furtherance of the best  
6 interests of the Company and its shareholders so as to benefit all  
7 shareholders equally and not in furtherance of their personal  
8 interest or benefit. Each director and officer of the Company owes  
9 to the Company and its shareholders the fiduciary duty to exercise  
10 good faith and diligence in the administration of the affairs of  
11 the Company and in the use and preservation of its property and  
12 assets, and the highest obligations of fair dealing.

13 19. The Individual Defendants, because of their positions of  
14 control and authority as directors and/or officers of the Company,  
15 were able to and did, directly and/or indirectly, exercise control  
16 over the wrongful acts complained of herein.

17 20. To discharge their duties, the Individual Defendants  
18 were required to exercise reasonable and prudent supervision over  
19 the management, policies, practices, and controls of the Company.  
20 By virtue of such duties, the Individual Defendants were required  
21 to, among other things:

22 a. exercise good faith to ensure that the affairs of  
23 the Company were conducted in an efficient, business-like  
24 manner so as to make it possible to provide the highest  
25 quality performance of their business; exercise good  
26 faith to ensure that the Company was operated in a  
diligent, honest and prudent manner and complied with all  
applicable federal and state laws, rules, regulations and  
requirements, and all contractual obligations, including  
acting only within the scope of its legal authority;

27 b. when placed on notice of improper or imprudent  
28 conduct by the Company and/or its employees, exercise  
good faith in taking action to correct the misconduct and  
prevent its recurrence; and

1 c. maintain and implement an adequate system of  
2 controls and information systems, such that no officer,  
3 director or employee of the Company would make false  
4 statements about RINO to the securities markets or would  
be able to misappropriate internal confidential  
information for his or her own benefit and profit, by  
insider stock trading or otherwise.

5 21. Because of the Individual Defendants' positions with the  
6 Company, they had access to the adverse undisclosed information  
7 about its business, operations, products, operational trends,  
8 financial statements, markets and present and future business  
9 prospects via access to internal corporate documents (including the  
10 Company's operating plans, budgets and forecasts and reports of  
11 actual operations compared thereto), conversations and connections  
12 with other corporate officers and employees, attendance at  
13 management and Board of Directors ("Board") meetings and committees  
14 thereof and via reports and other information provided to them in  
15 connection therewith.

16 22. Each of the Individual Defendants, by virtue of their  
17 high-level positions with the Company, directly participated in the  
18 management of the Company, were directly involved in the day-to-day  
19 operations of the Company at the highest levels and were privy to  
20 confidential proprietary information concerning the Company and its  
21 business, operations, products, growth, financial statements, and  
22 financial condition, as alleged herein. Said defendants were  
23 involved in drafting, producing, reviewing, and/or disseminating  
24 the false and misleading statements and information alleged herein,  
25 were aware, or deliberately disregarded, that the false and  
26 misleading statements were being issued regarding the Company, and  
27 approved or ratified these statements.

28

1       23. As officers and controlling persons of a publicly-held  
2 company whose common stock was, and is, registered with the SEC  
3 pursuant to the Securities Exchange Act of 1934 and, during the  
4 relevant period, traded on the Nasdaq, and governed by the  
5 provisions of the federal securities laws, the Individual  
6 Defendants each had a duty to disseminate promptly, accurate and  
7 truthful information with respect to the Company's financial  
8 condition and performance, growth, operations, financial  
9 statements, business, products, markets, management, earnings and  
10 present and future business prospects, and to correct any  
11 previously-issued statements that had become materially misleading  
12 or untrue.

13       24. The Individual Defendants participated in the drafting,  
14 preparation, and/or approval of the various public and shareholder  
15 and investor reports and other communications complained of herein  
16 and were aware of, or deliberately disregarded, the misstatements  
17 contained therein and omissions therefrom, and were aware of their  
18 materially false and misleading nature. Because of their Board  
19 membership and/or executive and managerial positions with RINO,  
20 each of the Individual Defendants had access to the adverse  
21 undisclosed information about RINO's business prospects and  
22 financial condition and performance as particularized herein and  
23 knew (or deliberately disregarded) that these adverse facts  
24 rendered the positive representations made by or about RINO and its  
25 business issued or adopted by the Company materially false and  
26 misleading.

27       25. The Individual Defendants, because of their positions of  
28 control and authority as officers and/or directors of the Company,

1 were able to and did control the content of the various SEC  
2 filings, press releases and other public statements pertaining to  
3 the Company during the relevant period. Each Individual Defendant  
4 was provided with copies of the documents alleged herein to be  
5 misleading prior to or shortly after their issuance and/or had the  
6 ability and/or opportunity to prevent their issuance or cause them  
7 to be corrected. Accordingly, each of the Individual Defendants is  
8 responsible for the accuracy of the public reports and releases  
9 detailed herein and are therefore primarily liable for the  
10 representations contained therein.

11 **SUBSTANTIVE ALLEGATIONS**

12 26. During the relevant period, the Individual Defendants  
13 caused the Company to issue a series of false and misleading  
14 statement about the Company's revenues and sales of desulfurization  
15 ("FGD") and other environmental equipment to Chinese steel mills.  
16 These false and misleading statements have exposed the Company to  
17 possible securities fraud violations and a barrage of class action  
18 lawsuits by shareholders.

19 27. On March 31, 2009, the Company filed its annual report  
20 for the year ended December 31, 2008 on form 10-K with the SEC.  
21 The 10-K was signed by Defendants Zou, Qui, Quan and Johnson and,  
22 pursuant to Sarbanes-Oxley Act of 2002 ("SOX"), was separately  
23 certified by Zou and Qui. In the 10-K, the Company claimed to have  
24 generated \$139.3 million in revenue during fiscal year 2008.

25 28. On November 13, 2009 the Company issued a press release  
26 entitled, "RINO International Corp. Announces Record Third Quarter  
27 2009 Financial Results." Therein, the Company, in relevant part,  
28 stated:



1 RINO International Corp. (OTC Bulletin Board: RINO),  
2 which through its subsidiaries and controlled affiliates  
3 in the People's Republic of China (collectively, the  
4 "Company" or "RINO"), designs, manufactures, installs and  
5 services proprietary and patented wastewater treatment,  
6 desulphurization equipment, and high temperature anti-  
oxidation systems for iron and steel manufacturers in the  
People's Republic of China ("PRC"), today announced the  
Company's financial results for the third quarter of  
2009.

7 29. On November 13, 2009, RINO filed its Quarterly Report on  
8 Form 10-Q with the SEC for the 2009 fiscal third quarter. The  
9 Company's Form 10-Q was signed by Defendant Zou, and reaffirmed the  
10 Company's financial results previously announced on November 13,  
11 2009. The Company's Form 10-Q also contained Sarbanes-Oxley  
12 required certifications, signed by Defendants Zou and Liu.

13 30. On March 31, 2010, the Company issued a press release  
14 entitled, "RINO International Corp. Announces Record 2009 Revenue  
15 and Net Income."

16 31. On March 31, 2010, RINO filed its Annual Report on Form  
17 10-K with the SEC for the 2009 fiscal year. The Company's Form 10-K  
18 was signed by Defendants Zou, Liu, and Li, and reaffirmed the  
19 Company's financial results previously announced on March 31, 2010.  
20 The Company's Form 10-K also contained Sarbanes-Oxley required  
21 certifications, signed by Defendants Zou and Liu.

22 32. On May 14, 2010, RINO filed its Quarterly Report on Form  
23 10-Q with the SEC for the 2010 fiscal first quarter. The Company's  
24 Form 10-Q was signed by Defendant Zou. The Company's Form 10-Q also  
25 contained Sarbanes-Oxley required certifications, signed by  
26 Defendants Zou and Wang.

27 33. On May 17, 2010, the Company issued a press release  
28 entitled, "RINO International Corp. Announces First Quarter 2010  
Financial Results."

1        34. On August 16, 2010, RINO filed its Quarterly Report on  
2 Form 10-Q with the SEC for the 2010 fiscal second quarter. The  
3 Company's Form 10-Q was signed by Defendant Zou, and reaffirmed the  
4 Company's financial results previously announced on August 16,  
5 2010. The Company's Form 10-Q also contained Sarbanes-Oxley  
6 required certifications, signed by Defendants Zou and Wang.

7        35. The statements contained above were materially false  
8 and/or misleading when made because defendants failed to disclose  
9 or indicate the following: (1) that certain customers did not  
10 purchase FGD systems as the Company had previously claimed; (2)  
11 that the Company's financial results reported to China's State  
12 Administration of Industry and Commerce were substantially less  
13 than the financial results the Company reported to the public and  
14 contained in the financial statements RINO filed with the SEC; (3)  
15 that the Company lacked adequate internal and financial controls;  
16 and (4) that, as a result of the foregoing, the Company's financial  
17 results were materially false and misleading at all relevant times.  
18 Disclosures at the End of the Class Period.

19        36. On November 10, 2010, a research firm published a  
20 research report on RINO. A summary of the report on the research  
21 firm's website states:

22        RINO claims to be the leader in selling desulfurization  
23 ("FGD") and other environmental equipment to Chinese  
24 steel mills. It reported 2009 revenue of \$193 million. In  
25 reality its revenue is under \$15 million, and its  
management has diverted tens of millions of dollars for  
its own use. We value RINO based on the cash we believe  
remains in the company after the most recent raise.

26        • RINO's FGD sales (60% to 75% of revenue) are much lower  
27 than it claims. We found that many of its customer  
relationships do not exist.

28        • Chinese regulatory filings show that RINO's  
consolidated 2009 revenue was only \$11 million, or 94.2%

1 lower than it reported in the US. We show that the  
2 Chinese numbers are credible.

3 • RINO's accounting has serious flaws that are clear  
4 signs of cooked books.

5 • RINO's management is draining cash from the company for  
6 its own business and personal uses. The management is in  
7 flagrant breach of its VIE agreements, which require it  
8 to pay income to RINO (as opposed to taking it).

9 • RINO's balance sheet has an astonishingly small amount  
10 of tangible assets for a manufacturer. Rather, it is  
11 filled with low quality "paper" assets that balance out  
12 the inflated earnings, and likely hide leakage.

13 • RINO is not the industry leader it claims to be in the  
14 steel sinter FGD system market. Rather, it is an obscure  
15 company in a crowded field, and is best known for its  
16 failed projects. Its reported margins are two to three  
17 times what they really are. Its technology is sub-par.

18 • We are not sanguine about management "borrowing" \$3.2  
19 million to purchase a luxury home in Orange County, CA  
20 the day that RINO closed its \$100.0 million financing.

21 37. On this news, shares of RINO declined \$2.34 per share,  
22 more than 15%, to close on November 10, 2010, at \$13.18 per share,  
23 on unusually high volume.

24 38. On November 11, 2010, the Company issued a press release  
25 entitled, "RINO Comments on Muddy Waters Allegations." Therein, the  
26 Company, in relevant part, stated:

27 DALIAN, China, Nov. 11, 2010 /PRNewswire-Asia-FirstCall/  
28 -- RINO International Corporation (the "Company" or  
"RINO") (Nasdaq:RINO), a leading provider of clean  
technology solutions to China's iron and steel industry,  
commented today on the allegations against the Company  
made by Muddy Waters, LLC ("Muddy Waters") concerning  
RINO's business practices.

RINO takes its responsibilities to investors very  
seriously and has launched an internal review of Muddy  
Waters' allegations. RINO looks forward to providing  
investors with a timely and detailed response to the  
allegations upon completion of its internal review.

RINO is scheduled to report its unaudited financial  
results for the third quarter ended September 30, 2010,  
after the U.S. market closes on November 15, 2010. RINO's  
management will hold an earnings conference call at 7 PM

1 on November 16, 2010 U.S. Eastern Time (8 AM on November  
2 17, 2010 Beijing/Hong Kong time), at which time  
3 management will comment on the allegations to the extent  
possible based on the progress of internal review but  
will not hold a question and answer session.

4 39. On this news, shares of RINO declined \$2.08 per share,  
5 more than 15%, to close on November 11, 2010, at \$11.10 per share,  
6 on unusually high volume.

7 40. On November 15, 2010, the Company issued a press release  
8 entitled, "RINO Announces Third Quarter 2010 Financial Results."

9 41. Thereafter, an analyst at Canaccord Genuity cut its  
10 rating on RINO to "Sell," citing the allegations of fraud and the  
11 Company's initiation of an internal review. According to a  
12 Bloomberg news story:

13 Nov. 15 (Bloomberg) -- Rino International's real business  
14 may be smaller than reported, Canaccord Genuity analyst  
Michael Deng said in a note.

15 \* Allegations of fraud from Muddy Waters report may be  
16 hard to clear, Deng said

17 \* Muddy Waters report claimed 6 of 9 FGD customers  
denied hiring RINO, Canaccord's checks with Yueyufeng  
18 also contradict RINO's explanation: Deng

19 \* RINO launched internal review of Muddy Water  
allegations Nov. 11

20 \* RINO rated sell, no PT at Canaccord Genuity

21 \* 1 buy, 1 hold, 1 sell, avg. PT \$29: Bloomberg data

22 \* RINO down 32% in a week, Nasdaq 100 down 2.3%

23 42. On this news, shares of RINO declined \$3.46 per share, or  
24 31.43%, to close on November 15, 2010, at \$7.55 per share, on  
25 unusually high volume.

26 43. On November 19, 2010, RINO filed a Form 8-K with the SEC  
27 warning the public that it could not rely on RINO's previously  
28 issued financial statements. According to the 8-K, the Company's

1 Board concluded that RINO's previously-issued audited financial  
2 statements for its fiscal years ended December 31, 2008 and 2009,  
3 previously included in RINO's annual reports on Form 10-K, as well  
4 as its interim unaudited financial statements included in RINO's  
5 quarterly reports on Form 10-Q for the periods ended March 31, 2008  
6 to September 30, 2009, should no longer be relied on.

7 44. RINO's Board also concluded that the Company's previously  
8 issued interim unaudited financial statements included in RINO's  
9 quarterly reports on Form 10-Q for the periods March 31, 2010, June  
10 30, 2010, and September 30, 2010 should no longer be relied on  
11 because these financial statements incorporate results from 2008  
12 and 2009.

13 45. The Company will have to restate its financial  
14 statements. As a result, trading in the Company's stock was halted.

15 46. This announcement came on the heels of a November 17,  
16 2010 letter the Company received from its outside public auditors,  
17 Frazer Frost LLP ("Frazer Frost"), advising the Company that it was  
18 required under U.S. accounting laws to notify the public that the  
19 Company's financial statements could no longer be relied upon.  
20 Frazer Frost came to this conclusion when it learned from Defendant  
21 Zou that RINO did not actually enter into two of six contracts that  
22 had been the subject of recent public speculation and commentary.  
23 Defendant Zou also explained to the auditors that "there might be  
24 problems with 20-40% of [the Company's other contracts]." RINO  
25 Form 8-K, filed 11/17/10.

26 47. RINO's stock price has declined substantially since news  
27 first started to break about the possibility the Company's reported  
28 revenues were based on "phony" contracts. On November 10, 2010,

1 when this news became public, RINO's shares dropped by 15% to close  
2 at \$13.18 per share on high trading volume. RINO shares declined  
3 again on November 11, 2010 by another \$2.08, to close at \$11.10 per  
4 share, also on high trading volume. The stock price declined  
5 further on RINO's warning to public investors that they could not  
6 rely on the Company's financial statements. On November 17, 2010,  
7 after news of Frazer Frost's letter to the Company became public,  
8 the Company's stock slid to \$6.07 per share before trading in the  
9 stock was halted.

10 48. As a result of the Defendants' wrongdoing, the Company  
11 and its senior officers and directors have been named as defendants  
12 in class action lawsuits alleging violations, among others, of the  
13 anti-fraud provisions of the federal securities laws.

14 **DEFENDANTS' BREACHES OF FIDUCIARY DUTIES**

15 49. As fiduciaries of the Company and by reason of their  
16 ability to control the business and corporate affairs of RINO, the  
17 Individual Defendants owed the Company obligations of fidelity,  
18 trust, loyalty and care, were required to use their utmost ability  
19 to control and manage the Company's affairs in a fair, just, honest  
20 and equitable manner, and were required to act in furtherance of  
21 the best interests of the Company and its shareholders and not in  
22 their own personal interest and benefit.

23 50. As senior officers and/or directors of the Company, the  
24 Individual Defendants owed duties to the Company to conduct its  
25 affairs in good faith, in furtherance of the best interest of the  
26 Company and its shareholders and within the bounds of the law.

27 51. In contravention of those duties and obligations, the  
28 Individual Defendants caused RINO to engage in unlawful conduct

1 which has severely harmed the Company. The Company has exposed  
2 itself to a barrage of private litigation, and enormous legal and  
3 other professional expenses in connection with possible regulatory  
4 investigations, as well as to costs related to the defense of these  
5 actions.

6 52. The Company's shareholders have brought suit for  
7 violations of the federal securities laws as a result of the  
8 artificial inflation of the Company's stock by the Company's false  
9 and misleading announcements. The Company is now subject to  
10 potential civil judgments totaling millions of dollars, in addition  
11 to the substantial legal and professional costs to be incurred in  
12 having to defend those actions.

13 53. The Company's reputation has been severely damaged.

14 **DEMAND WOULD BE FUTILE**

15 54. Plaintiff brings this action derivatively in the right  
16 and for the benefit of RINO to redress injuries suffered and to be  
17 suffered by RINO as a result of the breaches of fiduciary duty by  
18 the Individual Defendants. This is not a collusive action to  
19 confer jurisdiction on this Court which it would not otherwise  
20 have.

21 55. Plaintiff will adequately and fairly represent the  
22 interests of RINO and its shareholders in enforcing and prosecuting  
23 its rights.

24 56. Plaintiff is a holder of RINO common stock and was a  
25 holder of such stock during the period in which the Defendants'  
26 wrongful course of conduct alleged herein was occurring through the  
27 present.

28



1        57. As a result of the facts set forth herein, Plaintiff,  
2 pursuant to Section 88A.410 of the Nevada Revised Statutes, has not  
3 made a demand upon the Company's Board to institute this action  
4 against the Individual Defendants. Such a demand would be a futile  
5 and useless act because a majority of the Board is incapable of  
6 making an independent and disinterested decision to institute and  
7 vigorously prosecute this action for the following reasons:

8        58. The Board, which currently consists of the five Director  
9 Defendants exhibited a sustained and systematic failure to fulfill  
10 their fiduciary duties by actively participating or acquiescing in  
11 the wrongdoing alleged herein and/or by failing to implement  
12 adequate controls and procedures necessary to reasonably assure  
13 that the wrongdoing alleged herein did not occur. Such failures  
14 could not have been an exercise of good faith business judgment.

15        59. The Company concedes that Defendants Zou and Qiu lack  
16 independence. Indeed, they are identified by the Company as "non-  
17 independent directors." Moreover, Defendants Johnson and Quan (as  
18 members of the Audi Committee) cannot be considered independent  
19 because the Company's admitted lack of internal controls led to the  
20 problems complained of herein and to the claims being asserted  
21 against them on behalf of the Company. Accordingly, four of the  
22 five Board members lack independence and thus excuse any pre-suit  
23 demand.

24        60. The Board participated in the drafting, preparation,  
25 and/or approval of the various public communications complained of  
26 herein, and were aware of, and/or recklessly disregarded, the  
27 misstatements contained therein and omissions therefrom, and were  
28 aware of their materially false and misleading nature. Because of



1 their Board membership and/or executive and managerial positions  
2 with RINO, each of the members of the Board had access to the  
3 undisclosed information about RINO's business prospects and as  
4 particularized herein knew (or recklessly disregarded) that the  
5 positive representations made by or about RINO, its business and  
6 its business prospects were materially false and misleading.

7       61. The Director Defendants, because of their positions of  
8 control and authority as officers and/or directors of the Company,  
9 were able to and did control the content of the Company's  
10 statements during the relevant period. Each Director Defendant was  
11 provided with copies of the documents alleged herein to be  
12 misleading prior to or shortly after its issuance and/or had the  
13 ability and/or opportunity to prevent its issuance or cause it to  
14 be corrected. Accordingly, each of the Individual Defendants was  
15 responsible for the accuracy of the press release and the  
16 representations contained therein.

17       62. The Board had a responsibility and obligation to assure  
18 that all press releases and filings of SEC reports were truthful  
19 and not materially misleading and that proper controls and other  
20 oversight procedures were in place that would have detected and  
21 prevented the false and misleading statements put out by the  
22 Company to the public that are described in this complaint but  
23 failed to do so.

24       63. The members of the Board have not only been complacent in  
25 acting on behalf of the Company, but were necessary actors in the  
26 improper conduct alleged herein, and have actively condoned and  
27 facilitated a campaign of deceit upon the shareholders of the  
28 Company through the Company's filings with the SEC, communications

1 with the public, and the sale of Company securities. The Board  
2 approved option compensation, approved officers' incentive  
3 compensation, and received their own stock options as compensation,  
4 thereby personally benefitting from the improper conduct alleged  
5 herein. Moreover, they promoted the continuation of the scheme to  
6 further their personal interests as directors of the Company and as  
7 a result of their loyalty to the Individual Defendants.  
8 Accordingly, the members of the Board cannot possibly be expected  
9 to act independently in charging themselves with wrongdoing.

10 64. All of the Director Defendants face a substantial  
11 likelihood of liability in this action because of their failure, as  
12 directors and/or officers, to assure that a reliable system of  
13 financial controls was in place and functioning effectively. The  
14 dramatic breakdowns and gaps in those controls were so widespread  
15 and systematic that the entire Board faces substantial exposure to  
16 liability. These directors either knew or should have known that  
17 violations of law were occurring and took no steps in a good faith  
18 effort to prevent or remedy that situation, proximately causing  
19 millions of dollars of losses for the Company.

20 65. The substantial likelihood of liability which the  
21 Individual Defendants face are for non-exculpated breaches of  
22 fiduciary duty. Among these non-exculpated breaches are the  
23 Director Defendants' abdication of their responsibility to  
24 implement adequate disclosure controls concerning the Company's  
25 financial information.

26 66. RINO has been and will continue to be exposed to  
27 significant losses due to the wrongdoing complained of herein, yet  
28 the Board has not filed any lawsuits against themselves or others

1 who were responsible for such wrongful conduct that caused the  
2 filing of securities class actions against the Company.

3 67. If the Board was to bring this derivative action against  
4 themselves, they would expose their own recklessness and misconduct  
5 which underlies the allegations against the Company contained in  
6 the class action complaints for violations of the federal  
7 securities laws which have been brought against the Company and  
8 many of the Individual Defendants. Such admissions would impair  
9 the Company's defense of the class actions and greatly increase the  
10 probability of their personal liability in the class actions, in an  
11 amount likely to be in excess of any insurance coverage available  
12 to the Defendants.

13 **FIRST CLAIM FOR RELIEF**

14 Breach of Fiduciary Duty

15 (Against All Defendants)

16 68. Plaintiff incorporates by reference all the prior  
17 paragraphs as if fully set forth herein.

18 69. Defendants had and have fiduciary duties of loyalty and  
19 care to ensure that the Company adopts and follows a competent,  
20 effective and honest business plan. This plan is to ensure, among  
21 other things, compliance with contracts, various state and federal  
22 regulations regarding proper business practices, and state and  
23 federal laws, including the abdication of their responsibility to  
24 implement adequate disclosure controls concerning the Company's  
25 financial information.

26 70. Defendants breached their fiduciary duties of loyalty and  
27 care by intentionally or recklessly approving, and/or deliberately  
28

1 and knowingly being indifferent to announcements regarding the  
2 Company's business.

3 71. As a direct and proximate result, Defendants have exposed  
4 the Company to millions of dollars in potential civil liability, as  
5 well as significant legal fees, and untold compensatory and  
6 punitive damages, for which they are liable to the Company.

7 **SECOND CLAIM FOR RELIEF**

8 Gross Negligence

9 (Against All Defendants)

10 72. Plaintiff incorporates by reference all the prior  
11 paragraphs as if fully set forth herein.

12 73. Defendants had and have fiduciary duties of loyalty and  
13 care to ensure that the Company adopts and follows a competent,  
14 effective and honest business plan. This plan is to ensure, among  
15 other things, compliance with contracts, various state and federal  
16 regulations regarding proper business practices, and state and  
17 federal laws.

18 74. The Defendants breached their fiduciary obligations by  
19 allowing and/or being indifferent to announcements regarding the  
20 Company's business. The Defendants acted with gross negligence,  
21 recklessness and/or bad faith in breaching these fiduciary duties.

22 75. As a direct and proximate result, Defendants have exposed  
23 the Company to millions of dollars in potential civil liability, as  
24 well as significant legal fees, and untold compensatory and  
25 punitive damages, for which they are liable to the Company.

1 **THIRD CLAIM FOR RELIEF**

2 Abuse of Control

3 (Against All Defendants)

4 76. Plaintiff incorporates by reference all the prior  
5 paragraphs as if fully set forth herein.

6 77. Defendants had and have the ability to control and  
7 influence RINO to act in the best interest of its shareholders, and  
8 to adopt and follow a competent, effective and legal business plan.  
9 This plan is to ensure, among other things, compliance with  
10 contracts, various state and federal regulations regarding proper  
11 business practices, and state and federal laws.

12 78. The Defendants misconduct alleged herein constituted an  
13 abuse of their ability to control and influence RINO, for which  
14 they are legally responsible.

15 79. As a direct and proximate result, Defendants have exposed  
16 the Company to millions of dollars in potential civil liability, as  
17 well as significant legal fees, and untold compensatory and  
18 punitive damages, for which they are liable to the Company.

19 **FOURTH CLAIM FOR RELIEF**

20 Gross Mismanagement

21 (Against All Defendants)

22 80. Plaintiff incorporates by reference all the prior  
23 paragraphs as if fully set forth herein.

24 81. The Defendants, by their misconduct, either directly or  
25 through aiding and abetting, abandoned and abdicated their  
26 responsibilities and fiduciary duties with regard to prudently  
27 managing the assets and business of RINO in a manner consistent  
28 with the operations of a publicly held corporation.

1       82. As a direct and proximate result, Defendants have exposed  
2 the Company to millions of dollars in potential civil liability, as  
3 well as significant legal fees, and untold compensatory and  
4 punitive damages, for which they are liable to the Company.

5                   **FIFTH CLAIM FOR RELIEF**

6                   Breach of Contract

7                   (Against all Defendants)

8       83. Plaintiff incorporates by reference all the prior  
9 paragraphs as if fully set forth herein.

10       84. Defendants, as officers and/or directors of RINO,  
11 contracted with RINO, in exchange for substantial compensation and  
12 professional prestige, to act in the best interest of RINO and to  
13 cause RINO to operate lawfully.

14       85. Defendants, by the actions and omissions detailed herein,  
15 breached their contractual obligations and commitments to RINO to  
16 act in the best interest of RINO.

17       86. As a direct and proximate result, Defendants have exposed  
18 the Company to millions of dollars in potential civil liability, as  
19 well as significant legal fees, and untold compensatory and  
20 punitive damages, for which they are liable to the Company.

21       87. Defendants, as officers and/or directors of RINO, are  
22 liable to the Company for wasting these corporate assets.

23                   **SIXTH CLAIM FOR RELIEF**

24                   Waste of Corporate Assets

25                   (Against all Defendants)

26       88. Plaintiff incorporates by reference all the prior  
27 paragraphs as if fully set forth herein.

28

1       89. As a result of the improper policies established and  
2       executed during the relevant period, and by failing to conduct  
3       proper supervision, Defendants have caused RINO to waste valuable  
4       corporate assets by improper transactions, payments of incentive  
5       awards to certain executive officers and incurring potentially  
6       millions of dollars worth of legal liability and/or legal costs to  
7       defend certain misconduct.

8                               **SEVENTH CLAIM FOR RELIEF**

9                               Contribution and Indemnification

10                              (Against all Defendants)

11       90. Plaintiff incorporates by reference all the prior  
12       paragraphs as if fully set forth herein.

13       91. RINO is alleged to be liable to various persons and/or  
14       entities by virtue of the same facts or circumstances as are  
15       alleged to give rise to Defendants' liability to RINO. As a result  
16       of Defendants' conduct, RINO is exposed to the potential payment of  
17       substantial penalties in connection with any governmental  
18       investigations and liability arising from civil judgments.

19       92. RINO's alleged liability on account of the acts alleged  
20       herein arises in whole or in part from the intentional, reckless,  
21       disloyal and bad faith acts or omissions of Defendants as alleged  
22       above, and RINO is entitled to contribution and indemnification  
23       from each of the Defendants in connection with all such claims that  
24       have or may in the future be asserted against RINO by virtue of  
25       Defendants' misconduct.

26                              **JURY DEMAND**

27       93. Plaintiff hereby demands a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment and relies as follows:

A Determining that each Defendant breached his fiduciary duty;

B. Requiring the Defendants to account to the Company for their and others' unlawful profits gained through compensation, bonuses and/or insider trading during the relevant period and establishing a constructive trust for their deposit;

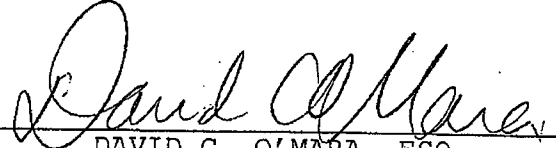
C. Awarding RINO compensatory damages against Defendants in an amount to be determined at trial, together with prejudgment interest at the maximum rate allowable by law;

D. Awarding plaintiff costs and disbursements and reasonable attorneys' and experts' fees and expenses; and,

E. Granting such other and further relief as the Court may deem just and proper.

DATED: November 23, 2010

THE O'MARA LAW FIRM, P.C.

  
DAVID C. O'MARA, ESQ



**AFFIRMATION**

(Pursuant to NRS 239B.030)

The undersigned does hereby affirm that the preceding document filed in the above referenced matter.

X

Document does not contain the social security number of any person

-OR-

Document contains the social security number of a person as required by:

       A specific state or federal law, to wit:

-or-

       For the administration of a public program

-or-

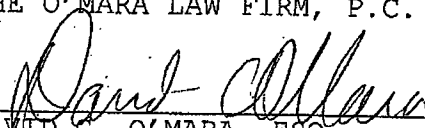
       For an application for a federal or state grant

-or-

       Confidential Family Court Information Sheet (NRS 125.130, NRS 125.230 and NRS 125B.055)

DATED: November 23, 2010

THE O'MARA LAW FIRM, P.C.

  
DAVID C. O'MARA, ESQ.